NAVARINO WEALTH

CLIENT UPDATE

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The CGT change is law. No, you do not need to sell before June 2027

What the new capital gains rules actually do, and why rushing a sale usually costs you money.

In a nutshell

The 50 per cent capital gains discount is replaced from 1 July 2027, and a new 30 per cent minimum tax applies to individuals' net capital gains.

But the Act deems you to have sold and reacquired your assets at market value on 1 July 2027. The gain you had already built up keeps the 50 per cent discount, whenever you eventually sell.

So for a long-held asset there is no deadline to beat. Selling early to "preserve the discount" generally just brings forward a tax bill you did not need to pay yet.

What actually changed

The Treasury Laws Amendment (Tax Reform No. 1) Act 2026 received assent on 26 June 2026. It is law, not a proposal, and anything you read before late June describing it as an announcement is now out of date.

From 1 July 2027 two things happen. The 50 per cent capital gains discount is replaced by cost-base indexation, so instead of halving your gain you lift your cost base by inflation. And a new Division 119 imposes a 30 per cent minimum tax on the net capital gains of resident individuals.

Taken alone, that sounds like a deadline. It is not, and the reason sits in the transitional provisions that most of the commentary skips.

The part nobody is talking about

The Act does not simply switch regimes and leave your accrued gain exposed. Sections 112-155 for individuals, 112-165 for trusts and 112-175 for pre-CGT assets deem you to have sold the asset immediately before 1 July 2027 at market value, and to have reacquired it on that date.

The gain built up to 30 June 2027 becomes a deferred capital gain. It keeps the 50 per cent discount, and it keeps it whenever you eventually sell. Next year, in ten years, or in your estate. There is no expiry on it.

The 30 per cent minimum tax does not reach it either. Division 119 applies to a "residential capital gain" or a "non-residential capital gain". The deferred categories are not on that list, so the slice of gain you accrued before July 2027 sits outside the new minimum tax as well.

Trustees have an additional choice: section 112-185 allows an apportionment method instead of the market-value deeming, which will suit some structures better than others.

Why rushing a sale usually costs you

Think about what you actually own. If you have held an investment property or a parcel of shares for fifteen years, almost all of the gain accrued before 2027. That portion keeps the discount either way, whether you sell in 2026 or 2036.

So what does selling early buy you? Nothing on the discount. What it costs you is real: the whole gain lands in a single financial year at your marginal rate, you pay the tax years earlier than you needed to, and you give up the asset and whatever it would have earned in the meantime. You may also trigger stamp duty and transaction costs on the way back into the market.

The year you sell still matters. It always did. It matters because of your marginal rate that year, whether you have carried-forward losses, and what else you have going on. It just does not matter for the discount on a long-held asset, which is the thing everyone is worried about.

Where it does change your thinking

Situation	Why it matters
Assets bought recently	If you bought in 2025 or 2026, very little of your gain is pre-2027 accrual, so most of it falls under the new regime. Worth calculating properly.
A sale already on the cards	If you were going to sell in the next year or two anyway, the timing question is live. Model both sides rather than guessing.
Carried-forward capital losses	From 1 July 2027 there is mandatory loss ordering across the four gain categories, so you have less freedom about where losses are applied.
Assets held in a trust	The apportionment election in section 112-185 is a real decision with real consequences, and needs the structure in front of you.

One thing to keep separate

There is a second measure people keep bundling with this one, and they are no longer the same thing. The proposed 30 per cent minimum tax on distributions from discretionary trusts, flagged to start in July 2028, is still only a proposal. Treasury released a consultation paper in July 2026 and submissions have closed. It is not law, the detail can still change, and it should not be driving decisions the way the CGT changes reasonably can.

If you read something that discusses "the trust and CGT measures" as one package still in consultation, it was written before 26 June 2026 and half of it is now wrong.

What to actually do

Very little, urgently. That is the honest answer for most people.

Know what your assets are worth around 30 June 2027, because that valuation sets the split between your discounted slice and the new-regime slice. For property and unlisted holdings that is worth getting right rather than estimating after the fact.

Beyond that, check whether you are in one of the situations above where the rules genuinely change the answer, and otherwise carry on. A deadline that does not apply to you is not a reason to sell a good asset.

> ### We are here to help
> If you are holding an asset with a large gain and you are not sure which side of this you fall on, that is exactly the sort of thing worth half an hour of conversation before anything is decided.
>
> Book a complimentary chat: https://calendly.com/luke-navarinowealth/initialmeeting

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